

**CATMARK**  
*incorporated*

 **CATALYST**<sup>2</sup>  
™

***Qualified Plan Management Software***

**Target  
Asset  
Planning  
Solutions**

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## Introduction to Catalyst<sup>2</sup>

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**Catalyst<sup>2</sup>** has been created to assist users in managing Traditional Individual Retirement Account (IRA) plan balances and income streams over time. A key feature of the software is the ability to compare one hypothetical situation to another in a dynamic, concise four-page report. The software generates two pages of comparative reports, accompanied by two pages of detailed amortization schedules, that illustrate, among other things, how a small difference in rate of return can improve an IRA owner's long-term financial picture by thousands if not tens of thousands of dollars.

The largest assets many people own are their homes and retirement plans. Virtually all home mortgages are accompanied by a detailed amortization schedule that provides information such as payments, principal amount paid, interest paid, and remaining loan balances. Changes in loans assumptions make a substantial difference in the cost paid to own a home.

**This same kind of valuation capability is just as important in managing traditional Individual Retirement Accounts (IRAs).** Catalyst<sup>2</sup> is a unique software tool that depicts a hypothetical yet realistic picture of the asset's value over a 25-year period. Included are the effects that earnings, taxation, distributions, and inflation have on the plan's balances and net income streams.

By modeling the impact of these variables, one can make more informed decisions like:

- How much do interest rates affect my plan over time?
- Will minimum distributions satisfy my income needs?
- How much would additional contributions help?
- How much could inflation impact my downstream income?

Based on the IRA owner's age and current account balance, the software allows the user to input variables for the following list of assumptions:

- Contributions to be made to the plan
- Estimated rate of return to be earned on the plan balance
- Estimated income tax rate to be paid on distributions
- Required Minimum Distributions
- Owner specified distributions
- Distribution annual percentage increase for inflation

As economic and personal situations change over time, the Catalyst<sup>2</sup> software provides traditional IRA owners with the ability to updated their IRA amortization schedules.

*Catalyst<sup>2</sup> does not apply to Roth or other types of non-traditional IRAs.*



## Catalyst<sup>2</sup> Overview

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From the following information, users can gain a clear understanding of how the Catalyst<sup>2</sup> software's four-page report is created, what it contains, and the benefits it provides to plan owners of traditional IRAs.

### ***“Case Data Entry” screen***

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All information is entered into the software's “Case Data Entry” screen, shown on the next page. After the data has been entered, clicking the “Run Case” button will generate the four-page report. The “Case Data Entry” screen captures the plan owner's personal information, account balance, and two separate hypothetical assumption fields sets – one titled Plan A (for the plan owner's current projections), and one titled Plan B (for a proposed alternative set of assumptions). The Plan A and Plan B format creates a comparative analysis of the effects that different sets of assumptions have on plan balances and income streams over a 25-year period.

### ***Four-Page Report***

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- “Consolidated Comparison” (pages 1 and 2)  
Information from the spreadsheets is extracted in five-year increments, then shown in a side-by-side comparison based on Plan A and Plan B assumptions. Data is represented both numerically and graphically. From these pages, one can analyze trends of changes in the amounts of the plan's balance, cumulative amount of net distributions, and, more importantly, the summation of these which represent the overall value of the plan to the owner based on assumptions entered. Finally, the “variance”, or value differential of the two plans provides a concise picture of the effects of the different sets of assumptions.
- “Amortization Spreadsheets” (pages 3 and 4)  
The primary purpose of the spreadsheet(s) is to look at an amortization schedule of the account from year to year for each of the 25 years. The spreadsheets are read and calculated from left to right.

A sample case is provided on the following pages for reference purposes.



## Case Data Entry screen

This plan owner would like to compare the two rates of return of 1.50% and 3.80%. The owner does not intend to add more contributions to the plan. The owner plans to take the Required Minimum Distributions. Below is a snapshot of the “Case Data Entry” screen where these hypothetical assumptions have been entered.

|                                       |            |                     |               |
|---------------------------------------|------------|---------------------|---------------|
| Select Existing Customer              |            |                     |               |
| Client First Name:                    | Plan       | Spouse First Name:  | Spouse Sample |
| Last Name:                            | Owner      | Last Name:          | Case          |
| Gender:                               | Male       | Gender:             | Female        |
| Date of Birth:                        | 01/01/1945 | Age:                | 65            |
| Date of Birth:                        | 01/01/1945 | Age:                | 65            |
| Case Type:                            | Couple     | Sole Beneficiary?:  |               |
| Current Plan Value:                   |            | \$100,000           |               |
| Hypothetical Assumptions              |            | Graph Type: Line    |               |
|                                       | Plan A     | Plan B              | NOTES:        |
| Estimated Rate of Return:             | 1.50%      | 3.80%               |               |
| Estimated Income Tax Rate:            | 15.00%     | 15.00%              |               |
| Specified Contributions :             | 0          | 0                   |               |
| Contributions to Age :                | 0          | 0                   |               |
| Specified Distribution Amount:        | 0          | 0                   |               |
| Start Specified Distributions at Age: | 0          | 0                   |               |
| Specified Distribution Increase %:    | 0          | 0                   |               |
| Save Case                             |            | Run Case            |               |
| Start a New Case                      |            | Return to Main Menu |               |

In reviewing the software’s report, make note of the following major points.

### Plan A

- There is a rapid decline of the qualified plan ending balance years 5 through 25.
- The net income produced from the plan is less in year 25 than it is in year 15.
- The plan ending balance in year 25 is \$46,621.
- In year 25, the cumulative net distributions are \$72,536.

### Plan B

- There is a much higher year-end account balance.
- The net income increases every year from year 10 through year 25.
- The plan ending balance in year 25 is \$81,636.
- In year 25, the cumulative net distributions are \$103,789.

The sample case clearly illustrates to the plan owner that just a few percentage points difference in rate of return can add tens of thousands of dollars over time in the overall value of his Individual Retirement Account.



# Sample Case

**CATALYST**  
PROPOSAL

## QUALIFIED PLAN VALUE MAXIMIZATION – COUPLE

### HYPOTHETICAL ASSUMPTIONS

For: **Plan Owner and Spouse Sample Case** Proposal Date: 01/01/2010

Owner DOB: 01/01/1945

Age: 65

Spouse DOB: 01/01/1945

Age: 65

Qualified Plan Balance: \$100,000

| Hypothetical Assumptions |        |
|--------------------------|--------|
| Plan A                   | Plan B |

|   |        |        |
|---|--------|--------|
| Specified Contributions:                    | \$0    | \$0    |
| Contributions to Age:                       | 0      | 0      |
| Estimated Rate of Return:                   | 1.50%  | 3.80%  |
| Estimated Income Tax Rate:                  | 15.00% | 15.00% |
| Specified Distribution Amount:              | \$0    | \$0    |
| Start Specified Distributions at Age:       | 0      | 0      |
| Specified Distribution Increase Percentage: | 0.00%  | 0.00%  |

### HYPOTHETICAL QUALIFIED PLAN VALUES AND NET DISTRIBUTIONS

|    | ASSUMPTIONS PLAN A                   |   |   | ASSUMPTIONS PLAN B                   |   | VARIANCE  |  |
|----|--------------------------------------|---|---|--------------------------------------|---|---|--|
|    | (1)<br>Qualified Plan Ending Balance | (2)<br>Cumulative Amount Of Net Distributions | (3)<br>Qualified Plan Balance with Cumulative Net Distributions | (4)<br>Qualified Plan Ending Balance | (5)<br>Cumulative Amount Of Net Distributions | (6)<br>Qualified Plan Balance with Cumulative Net Distributions | (7)<br>Difference in Hypothetical Plan A and B Assumptions |
| 1  | \$101,500                            | \$0   | \$101,500   | \$103,800                            | \$0   | \$103,800   | \$2,300  |
| 5  | \$107,728                            | \$0   | \$107,728   | \$120,500                            | \$0   | \$120,500   | \$12,772   |
| 10 | \$95,039                             | \$17,341                                      | \$112,380   | \$118,910                            | \$20,765                                      | \$139,675   | \$27,295   |
| 15 | \$80,322                             | \$35,543                                      | \$115,865   | \$112,413                            | \$45,142                                      | \$157,555   | \$41,690   |
| 20 | \$63,928                             | \$54,188                                      | \$118,116   | \$100,075                            | \$73,069                                      | \$173,144   | \$55,028   |
| 25 | \$46,621                             | \$72,536                                      | \$119,157   | \$81,636                             | \$103,789                                     | \$185,425   | \$66,268   |

- (1) Spreadsheet I, Column 6
- (2) Spreadsheet I, Column 8
- (3) Column 1 + Column 2
- (4) Spreadsheet II, Column 6

- (5) Spreadsheet II, Column 8
- (6) Column 4 + Column 5
- (7) Column 6 – Column 3

**PRESENTED BY: Your Name, Your Company**

*All numerical values shown are estimates. This example is for illustrative purposes only. When calculating precise tax liability, we suggest that all prospective purchasers consult with their own attorney or tax advisor.*

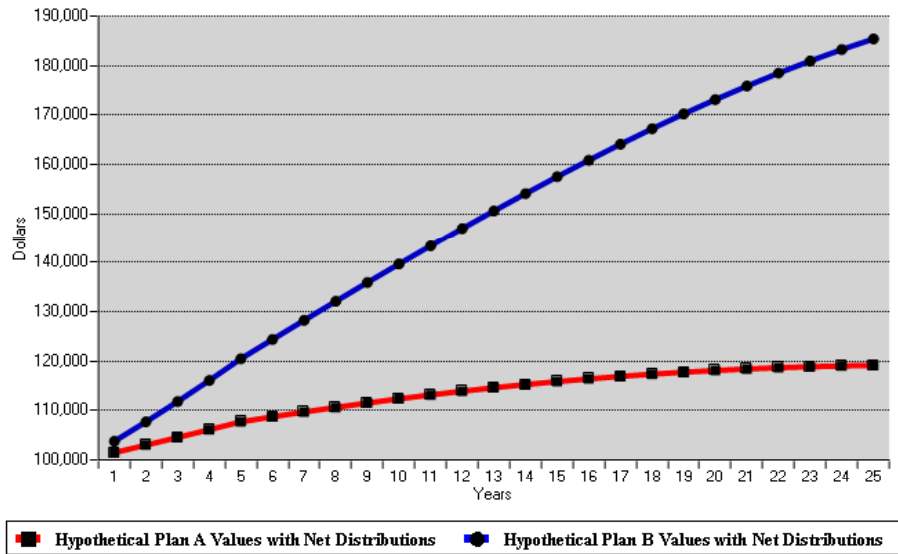


## Sample Case, continued

### COMPARATIVE

|  |                          |        |
|--|--------------------------|--------|
| Qualified Plan Balance:                      | \$100,000                |        |
|  | Hypothetical Assumptions |        |
|  | Plan A                   | Plan B |
| Specified Contributions:                     | \$0                      | \$0    |
| Contributions to Age:                        | 0                        | 0      |
| Estimated Rate of Return:                    | 1.50%                    | 3.80%  |
| Estimated Income Tax Rate:                   | 15.00%                   | 15.00% |
| Specified Distribution Amount:               | \$0                      | \$0    |
| Start Specified Distributions at Age:        | 0                        | 0      |
| Specified Distributions Increase Percentage: | 0.00%                    | 0.00%  |

### GRAPHIC ILLUSTRATION



All numerical values shown are estimates. This example is for illustrative purposes only. When calculating precise tax liability, we suggest that all prospective purchasers consult with their own attorney or tax advisor.



## Sample Case, continued

**CATALYST**  
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Spreadsheet I

### PLAN A QUALIFIED PLAN VALUES AND INCOME STREAMS

| CURRENT DISTRIBUTION SCHEDULE |     |         |             |   |  |   |  |  |  |   |  |
|-------------------------------|-----|---------|-------------|---|--|---|--|--|--|---|--|
| Year                          | Age | Sp. Age | Dist. Fact. | (1)<br>Qualified Plan<br>Beginning<br>Balance | (2)<br>Earnings<br>on Plan<br>Balance @<br>1.50% | (3)<br>Qualified<br>Plan Balance<br>After<br>Earnings | (4)<br>Specified<br>Distributions/<br>Contributions-<br>Qualified Plan | (5)<br>Minimum<br>Distributions<br>Required from<br>Qualified Plan | (6)<br>Ending<br>Qualified Plan<br>Balance<br>Net to Heirs | (7)<br>Distributions<br>Net of<br>Income<br>Tax | (8)<br>Cumulative<br>After Tax<br>Amount of<br>Distributions |
| 1                             | 65  | 65      | 0.0         | \$100,000                                     | \$1,500  | \$101,500   | \$0  | \$0  | \$101,500  | \$0   | \$0  |
| 2                             | 66  | 66      | 0.0         | 101,500                                       | 1,523  | 103,023   | 0  | 0  | 103,023  | 0   | 0  |
| 3                             | 67  | 67      | 0.0         | 103,023                                       | 1,545  | 104,568   | 0  | 0  | 104,568  | 0   | 0  |
| 4                             | 68  | 68      | 0.0         | 104,568                                       | 1,569  | 106,136   | 0  | 0  | 106,136  | 0   | 0  |
| 5                             | 69  | 69      | 0.0         | 106,136                                       | 1,592  | 107,728   | 0  | 0  | 107,728  | 0   | 0  |
| 6                             | 70  | 70      | 27.4        | 107,728                                       | 1,616  | 109,344   | (3,991)  | (3,991)  | 105,353  | 3,392   | 3,392  |
| 7                             | 71  | 71      | 26.5        | 105,353                                       | 1,580  | 106,934   | (4,036)  | (4,036)  | 102,898  | 3,431   | 6,823  |
| 8                             | 72  | 72      | 25.6        | 102,898                                       | 1,543  | 104,441   | (4,080)  | (4,080)  | 100,361  | 3,468   | 10,291   |
| 9                             | 73  | 73      | 24.7        | 100,361                                       | 1,505  | 101,867   | (4,125)  | (4,125)  | 97,742   | 3,506   | 13,797   |
| 10                            | 74  | 74      | 23.8        | 97,742  | 1,466  | 99,208  | (4,169)  | (4,169)  | 95,039   | 3,544   | 17,341   |
| 11                            | 75  | 75      | 22.9        | 95,039  | 1,426  | 96,464  | (4,213)  | (4,213)  | 92,251   | 3,581   | 20,922   |
| 12                            | 76  | 76      | 22.0        | 92,251  | 1,384  | 93,635  | (4,257)  | (4,257)  | 89,378   | 3,618   | 24,540   |
| 13                            | 77  | 77      | 21.2        | 89,378  | 1,341  | 90,719  | (4,280)  | (4,280)  | 86,439   | 3,638   | 28,178   |
| 14                            | 78  | 78      | 20.3        | 86,439  | 1,297  | 87,735  | (4,322)  | (4,322)  | 83,413   | 3,674   | 31,852   |
| 15                            | 79  | 79      | 19.5        | 83,413  | 1,251  | 84,664  | (4,342)  | (4,342)  | 80,322   | 3,691   | 35,543   |
| 16                            | 80  | 80      | 18.7        | 80,322  | 1,205  | 81,527  | (4,360)  | (4,360)  | 77,167   | 3,706   | 39,249   |
| 17                            | 81  | 81      | 17.9        | 77,167  | 1,158  | 78,325  | (4,376)  | (4,376)  | 73,949   | 3,720   | 42,968   |
| 18                            | 82  | 82      | 17.1        | 73,949  | 1,109  | 75,058  | (4,390)  | (4,390)  | 70,668   | 3,732   | 46,700   |
| 19                            | 83  | 83      | 16.3        | 70,668  | 1,060  | 71,728  | (4,401)  | (4,401)  | 67,327   | 3,741   | 50,441   |
| 20                            | 84  | 84      | 15.5        | 67,327  | 1,010  | 68,337  | (4,409)  | (4,409)  | 63,928   | 3,748   | 54,188   |
| 21                            | 85  | 85      | 14.8        | 63,928  | 959  | 64,887  | (4,385)  | (4,385)  | 60,502   | 3,727   | 57,916   |
| 22                            | 86  | 86      | 14.1        | 60,502  | 908  | 61,409  | (4,356)  | (4,356)  | 57,053   | 3,703   | 61,618   |
| 23                            | 87  | 87      | 13.4        | 57,053  | 856  | 57,909  | (4,322)  | (4,322)  | 53,587   | 3,674   | 65,292   |
| 24                            | 88  | 88      | 12.7        | 53,587  | 804  | 54,391  | (4,283)  | (4,283)  | 50,108   | 3,641   | 68,932   |
| 25                            | 89  | 89      | 12.0        | 50,108  | 752  | 50,860  | (4,239)  | (4,239)  | 46,621   | 3,603   | 72,536   |

The specified distribution amount entered may have been replaced in certain years with the Required Minimum Distribution (RMD) amount as required by law.

All numerical values shown are estimates. This example is for illustrative purposes only. When calculating precise tax liability, we suggest that all prospective purchasers consult with their own attorney or tax advisor.



## Sample Case, continued

**CATALYST**  
PROPOSAL

Spreadsheet II

### PLAN B QUALIFIED PLAN VALUES AND INCOME STREAMS

| PROPOSED DISTRIBUTION SCHEDULE |     |         |             |   |  |   |  |  |  |   |  |
|--------------------------------|-----|---------|-------------|---|--|---|--|--|--|---|--|
| Year                           | Age | Sp. Age | Dist. Fact. | (1)<br>Qualified Plan<br>Beginning<br>Balance | (2)<br>Earnings<br>on Plan<br>Balance @<br>3.80% | (3)<br>Qualified<br>Plan Balance<br>After<br>Earnings | (4)<br>Specified<br>Distributions/<br>Contributions-<br>Qualified Plan | (5)<br>Minimum<br>Distributions<br>Required from<br>Qualified Plan | (6)<br>Ending<br>Qualified Plan<br>Balance<br>Net to Heirs | (7)<br>Distributions<br>Net of<br>Income<br>Tax | (8)<br>Cumulative<br>After Tax<br>Amount of<br>Distributions |
| 1                              | 65  | 65      | 0.0         | \$100,000                                     | \$3,800  | \$103,800   | \$0  | \$0  | \$103,800  | \$0   | \$0  |
| 2                              | 66  | 66      | 0.0         | 103,800                                       | 3,944  | 107,744   | 0  | 0  | 107,744  | 0   | 0  |
| 3                              | 67  | 67      | 0.0         | 107,744                                       | 4,094  | 111,839   | 0  | 0  | 111,839  | 0   | 0  |
| 4                              | 68  | 68      | 0.0         | 111,839                                       | 4,250  | 116,089   | 0  | 0  | 116,089  | 0   | 0  |
| 5                              | 69  | 69      | 0.0         | 116,089                                       | 4,411  | 120,500   | 0  | 0  | 120,500  | 0   | 0  |
| 6                              | 70  | 70      | 27.4        | 120,500                                       | 4,579  | 125,079   | (4,565)  | (4,565)  | 120,514  | 3,880   | 3,880  |
| 7                              | 71  | 71      | 26.5        | 120,514                                       | 4,580  | 125,093   | (4,721)  | (4,721)  | 120,372  | 4,013   | 7,893  |
| 8                              | 72  | 72      | 25.6        | 120,372                                       | 4,574  | 124,947   | (4,881)  | (4,881)  | 120,066  | 4,149   | 12,042   |
| 9                              | 73  | 73      | 24.7        | 120,066                                       | 4,562  | 124,628   | (5,046)  | (5,046)  | 119,582  | 4,289   | 16,331   |
| 10                             | 74  | 74      | 23.8        | 119,582                                       | 4,544  | 124,126   | (5,216)  | (5,216)  | 118,910  | 4,434   | 20,765   |
| 11                             | 75  | 75      | 22.9        | 118,910                                       | 4,519  | 123,429   | (5,390)  | (5,390)  | 118,039  | 4,582   | 25,346   |
| 12                             | 76  | 76      | 22.0        | 118,039                                       | 4,485  | 122,524   | (5,570)  | (5,570)  | 116,954  | 4,735   | 30,081   |
| 13                             | 77  | 77      | 21.2        | 116,954                                       | 4,444  | 121,399   | (5,727)  | (5,727)  | 115,672  | 4,868   | 34,949   |
| 14                             | 78  | 78      | 20.3        | 115,672                                       | 4,396  | 120,067   | (5,915)  | (5,915)  | 114,152  | 5,028   | 39,976   |
| 15                             | 79  | 79      | 19.5        | 114,152                                       | 4,338  | 118,490   | (6,077)  | (6,077)  | 112,413  | 5,165   | 45,142   |
| 16                             | 80  | 80      | 18.7        | 112,413                                       | 4,272  | 116,685   | (6,240)  | (6,240)  | 110,445  | 5,304   | 50,446   |
| 17                             | 81  | 81      | 17.9        | 110,445                                       | 4,197  | 114,641   | (6,405)  | (6,405)  | 108,236  | 5,444   | 55,890   |
| 18                             | 82  | 82      | 17.1        | 108,236                                       | 4,113  | 112,349   | (6,571)  | (6,571)  | 105,778  | 5,585   | 61,475   |
| 19                             | 83  | 83      | 16.3        | 105,778                                       | 4,020  | 109,798   | (6,737)  | (6,737)  | 103,061  | 5,726   | 67,202   |
| 20                             | 84  | 84      | 15.5        | 103,061                                       | 3,916  | 106,977   | (6,902)  | (6,902)  | 100,075  | 5,867   | 73,069   |
| 21                             | 85  | 85      | 14.8        | 100,075                                       | 3,803  | 103,878   | (7,019)  | (7,019)  | 96,859   | 5,966   | 79,035   |
| 22                             | 86  | 86      | 14.1        | 96,859  | 3,681  | 100,540   | (7,131)  | (7,131)  | 93,409   | 6,061   | 85,096   |
| 23                             | 87  | 87      | 13.4        | 93,409  | 3,550  | 96,958  | (7,236)  | (7,236)  | 89,722   | 6,151   | 91,247   |
| 24                             | 88  | 88      | 12.7        | 89,722  | 3,409  | 93,132  | (7,334)  | (7,334)  | 85,798   | 6,234   | 97,481   |
| 25                             | 89  | 89      | 12.0        | 85,798  | 3,260  | 89,058  | (7,422)  | (7,422)  | 81,636   | 6,309   | 103,789  |

The specified distribution amount entered may have been replaced in certain years with the Required Minimum Distribution (RMD) amount as required by law.

All numerical values shown are estimates. This example is for illustrative purposes only. When calculating precise tax liability, we suggest that all prospective purchasers consult with their own attorney or tax advisor.



## Conclusion

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**Catalyst<sup>2</sup> Qualified Plan Management Software** is CatMark's latest addition to its suite of Catalyst target asset planning software tools. The Catalyst<sup>2</sup> software's primary focus is on Traditional IRA plan owners who have started or will shortly begin taking distributions from their plans.

Given the current market environment, plan owners may be more concerned with maintaining the value of their account balances than the rate of returns being received on them. However, considering rates of return are presently at forty year lows, plan owners may be in danger of outliving their financial resources and may not even be aware of it.

It is critical that plan owners review the impact of these rates, as well as other factors affecting their plan, and take a more proactive role in regularly monitoring and managing their plan balances and projected income streams.

Catalyst<sup>2</sup> software is a valuable tool to generate informative comparative analyses which may assist in planning for and ultimately achieving and maintaining financial self reliance.



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